

PANORAMA COMMUNITY SCHOOL DISTRICT  
PANORA, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2008

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# PANORAMA COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2007 Election)		
Scott Fredrickson	President	2007
Tom Arganbright	Vice President	2008
Robert Meinecke	Board Member	2009
Tina Nepstad-Thornberry	Board Member	2009
Carol Wendl	Board Member	2008
<u>Board of Education</u>		
(After September 2007 Election)		
Scott Fredrickson	President	2009
Tom Arganbright	Vice President	2008
Robert Meinecke	Board Member	2009
Tina Nepstad-Thornberry	Board Member	2009
Carol Wendl	Board Member	2008
<u>School Officials</u>		
John Millhollin	Superintendent	2008
Sheila Wooldridge	District Secretary/Treasurer	2008
Rick Engel	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Panorama Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panorama Community School District, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panorama Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2009 on our consideration of Panorama Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 40 through 41 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panorama Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
February 27, 2009

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## Basic Financial Statements

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 11,002,805	\$ 18,462	\$ 11,021,267
Receivables:			
Property tax:			
Current year	46,135	-	46,135
Succeeding year	3,321,000	-	3,321,000
Income surtax	271,010	-	271,010
Accounts	14,911	-	14,911
Due from other governments	307,129	-	307,129
Interfund balances (note 4)	6,949	(6,949)	-
Inventories	-	6,236	6,236
Restricted ISCAP assets (note 5):			
Investments	485,928	-	485,928
Accrued interest receivable	5,186	-	5,186
Capital assets, net of accumulated depreciation (note 6)	7,537,921	41,876	7,579,797
<b>Total assets</b>	<b>22,998,974</b>	<b>59,625</b>	<b>23,058,599</b>
<b>Liabilities</b>			
Accounts payable	279,838	-	279,838
Salaries and benefits payable	660,769	-	660,769
Accrued interest payable	68,300	-	68,300
ISCAP warrants payable (note 5)	482,000	-	482,000
ISCAP accrued interest payable (note 5)	185	-	185
ISCAP unamortized premium (note 5)	8,266	-	8,266
Deferred revenue:			
Succeeding year property tax	3,321,000	-	3,321,000
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	49,883	-	49,883
Bonds payable	450,000	-	450,000
Special assessment payable	7,612	-	7,612
Portion due after one year:			
Early retirement	7,627	-	7,627
Bonds payable	12,700,000	-	12,700,000
Special assessment payable	15,220	-	15,220
Compensated absences	49,331	-	49,331
<b>Total liabilities</b>	<b>18,100,031</b>	<b>-</b>	<b>18,100,031</b>



PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 3,707,921	\$ 41,876	\$ 3,749,797
Restricted for:			
Management levy	114,200	-	114,200
Physical plant and equipment levy	163,038	-	163,038
Other special revenue purposes	27,283	-	27,283
Capital projects	485,820	-	485,820
State grants	11,763	-	11,763
Unrestricted	388,918	17,749	406,667
Total net assets	\$ 4,898,943	\$ 59,625	\$ 4,958,568

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 4,666,483	\$ 474,494	\$ 605,343
Support services:			
Student services	155,203	-	-
Instructional staff services	251,045	-	-
Administration services	708,436	-	-
Operation and maintenance of plant services	597,096	5,713	-
Transportation services	558,044	470	-
	2,269,824	6,183	-
Non-instructional programs	39,929	-	-
Other expenditures:			
Facilities acquisition	98,921	2,580	-
Long-term debt interest and fiscal charges	160,279	-	-
AEA flowthrough	245,109	-	245,109
Depreciation (unallocated) *	170,837	-	-
	675,146	2,580	245,109
Total governmental activities	7,651,382	483,257	850,452
Business-Type Activities:			
Non-instructional programs:			
Food service operations	301,494	160,879	138,592
Total	\$ 7,952,876	\$ 644,136	\$ 989,044

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (3,586,646)	\$ -	\$ (3,586,646)
(155,203)	-	(155,203)
(251,045)	-	(251,045)
(708,436)	-	(708,436)
(591,383)	-	(591,383)
(557,574)	-	(557,574)
(2,263,641)	-	(2,263,641)
(39,929)	-	(39,929)
(96,341)	-	(96,341)
(160,279)	-	(160,279)
-	-	-
(170,837)	-	(170,837)
(427,457)	-	(427,457)
(6,317,673)	-	(6,317,673)
-	(2,023)	(2,023)
(6,317,673)	(2,023)	(6,319,696)

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008

Functions/Programs

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General Revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Income surtax  
Local option sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation included  
    in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 2,597,215	\$ -	\$ 2,597,215
481,843	-	481,843
291,004	-	291,004
275,149	-	275,149
465,134	-	465,134
2,629,799	-	2,629,799
87,410	271	87,681
436,168	-	436,168
7,263,722	271	7,263,993
946,049	(1,752)	944,297
3,952,894	61,377	4,014,271
<u>\$ 4,898,943</u>	<u>\$ 59,625</u>	<u>\$ 4,958,568</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and pooled investments	\$ 793,117	\$ 14,892	\$ 9,765,781	\$ 429,015	\$ 11,002,805
Receivables:					
Property tax:					
Current year	33,889	6,060	-	6,186	46,135
Succeeding year	2,275,000	624,000	-	422,000	3,321,000
Income surtax	271,010	-	-	-	271,010
Interfund receivable (note 4)	6,949	-	-	-	6,949
Accounts	14,911	-	-	-	14,911
Due from other governments	143,797	-	163,332	-	307,129
Restricted ISCAP assets (note 5):					
Investments	485,928	-	-	-	485,928
Accrued interest receivable	5,186	-	-	-	5,186
Total assets	<u>\$ 4,029,787</u>	<u>\$ 644,952</u>	<u>\$ 9,929,113</u>	<u>\$ 857,201</u>	<u>\$ 15,461,053</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 107,064	\$ -	\$ 123,293	\$ 49,481	\$ 279,838
Salaries and benefits payable	660,769	-	-	-	660,769
ISCAP warrants payable (note 5)	482,000	-	-	-	482,000
ISCAP accrued interest payable (note 5)	185	-	-	-	185
ISCAP unamortized premium (note 5)	8,266	-	-	-	8,266
Deferred revenue:					
Succeeding year property tax	2,275,000	624,000	-	422,000	3,321,000
Other	271,010	-	-	-	271,010
Total liabilities	<u>3,804,294</u>	<u>624,000</u>	<u>123,293</u>	<u>471,481</u>	<u>5,023,068</u>
Fund balance:					
Reserved for:					
State grants	11,763	-	-	-	11,763
Debt service	-	20,952	-	-	20,952
Unreserved:					
Reported in nonmajor Special Revenue Funds	-	-	-	385,720	385,720
Undesignated	213,730	-	9,805,820	-	10,019,550
Total fund balances	<u>225,493</u>	<u>20,952</u>	<u>9,805,820</u>	<u>385,720</u>	<u>10,437,985</u>
Total liabilities and fund balances	<u>\$ 4,029,787</u>	<u>\$ 644,952</u>	<u>\$ 9,929,113</u>	<u>\$ 857,201</u>	<u>\$ 15,461,053</u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2008

Total fund balances of governmental funds	\$ 10,437,985
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,537,921
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	271,010
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(68,300)
Long-term liabilities, including early retirement, bonds, special assessments payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(13,279,673)</u>
Net assets of governmental activities	<u>\$ 4,898,943</u>
See notes to financial statements.	



PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2008

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 2,686,938	\$ 481,533	\$ 465,134	\$ 470,839	\$ 4,104,444
Tuition	247,834	-	-	-	247,834
Other	204,407	3,700	10,818	207,964	426,889
State sources	3,281,694	310	-	307	3,282,311
Federal sources	203,754	-	-	-	203,754
Total revenues	6,624,627	485,543	475,952	679,110	8,265,232
Expenditures:					
Current:					
Instruction	4,395,376	-	-	341,645	4,737,021
Support services:					
Student services	155,203	-	-	-	155,203
Instructional staff services	202,965	-	-	48,080	251,045
Administration services	691,361	-	-	-	691,361
Operation and maintenance of plant services	490,533	-	-	98,008	588,541
Transportation services	485,493	-	152,268	170,234	807,995
	2,025,555	-	152,268	316,322	2,494,145
Non-instructional programs	38,960	-	-	-	38,960
Other expenditures:					
Facilities acquisition	-	-	1,498,012	33,643	1,531,655
Long term debt:					
Principal	-	370,000	-	-	370,000
Interest and fiscal charges	-	111,705	-	-	111,705
AEA flowthrough	245,109	-	-	-	245,109
	245,109	481,705	1,498,012	33,643	2,258,469
Total expenditures	6,705,000	481,705	1,650,280	691,610	9,528,595
Excess (deficiency) of revenues over (under) expenditures	(80,373)	3,838	(1,174,328)	(12,500)	(1,263,363)

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2008

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):					
Sale of equipment	\$ 3,750	\$ -	\$ -	\$ -	3,750
Interfund transfers in (note 3)	-	-	3,463	-	3,463
Interfund transfers out (note 3)	(3,463)	-	-	-	(3,463)
General obligation bonds issued	-	-	9,980,000	-	9,980,000
Premium on sale of bonds	-	-	324,781	-	324,781
Total other financing sources (uses)	287	-	10,308,244	-	10,308,531
Net change in fund balances	(80,086)	3,838	9,133,916	(12,500)	9,045,168
Fund balances beginning of year	305,579	17,114	671,904	398,220	1,392,817
Fund balances end of year	\$ 225,493	\$ 20,952	\$ 9,805,820	\$ 385,720	\$ 10,437,985

See notes to financial statements.

## PANORAMA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ 9,045,168

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 1,764,478	
Depreciation expense	<u>(268,973)</u>	1,495,505

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 3,668

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (9,980,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 377,612

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (48,574)

Some expenses reported in the Statement of Activities, including early retirement and compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 52,670

Change in net assets of governmental activities \$ 946,049

See notes to financial statements.

## PANORAMA COMMUNITY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

June 30, 2008

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 18,462
Inventories	6,236
Capital assets, net of accumulated depreciation (note 6)	<u>41,876</u>
Total assets	<u>66,574</u>
Liabilities	
Interfund payable (note 4)	<u>6,949</u>
Net Assets	
Invested in capital assets	41,876
Unrestricted	<u>17,749</u>
Total net assets	<u>\$ 59,625</u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 Year Ended June 30, 2008

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>160,879</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	72,032
Benefits	18,959
Purchased services	1,259
Supplies	199,089
Depreciation	9,539
Other	616
	<u>301,494</u>
Operating loss	<u>(140,615)</u>
Non-operating revenues:	
Interest on investments	271
State sources	4,321
Federal sources	<u>134,271</u>
Total non-operating revenues	<u>138,863</u>
Change in net assets	(1,752)
Net assets beginning of year	<u>61,377</u>
Net assets end of year	\$ <u><u>59,625</u></u>

See notes to financial statements.

## PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 160,622
Cash received from miscellaneous operating activities	257
Cash payments to employees for services	(102,099)
Cash payments to suppliers for goods or services	<u>(184,694)</u>
Net cash used by operating activities	<u>(125,914)</u>
Cash flows from non-capital financing activities:	
State grants received	4,321
Federal grants received	<u>116,770</u>
Net cash provided by non-capital financing activities	<u>121,091</u>
Cash flows from investing activities:	
Interest on investments	<u>271</u>
Net decrease in cash and cash equivalents	(4,552)
Cash and cash equivalents beginning of year	<u>23,014</u>
Cash and cash equivalents end of year	<u>\$ 18,462</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (140,615)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	9,539
Commodities used	17,501
(Increase) in inventories	(1,231)
Increase in interfund payable	6,949
(Decrease) in salaries and benefits payable	<u>(18,057)</u>
Net cash used by operating activities	<u>\$ (125,914)</u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2008, the District received \$17,501 of federal commodities.	

See notes to financial statements.

## PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2008

	Private Purpose Trust	Scholarship
Assets:		
Cash and pooled investments	\$	154,244
Liabilities:		
None		-
Net assets:		
Reserved for scholarships	\$	<u>154,244</u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2008

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>8,981</u>
Deductions:	
Support services:	
Scholarships awarded	<u>16,471</u>
Change in net assets	(7,490)
Net assets beginning of year	<u>161,734</u>
Net assets end of year	\$ <u><u>154,244</u></u>

See notes to financial statements.



## PANORAMA COMMUNITY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008

#### Note 1. Summary of Significant Accounting Policies

Panorama Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Panora, Iowa, portions of the Cities of Bagley, Yale, and Jamaica, Iowa, and agricultural territory in Guthrie, Dallas, and Greene Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Panorama Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Panorama Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Guthrie County Assessor's Conference Board.

The District also appoints a voting majority of the Panorama Community School District Foundation board, which is considered a related organization.

#### B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2008 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused sick leave for subsequent use or for partial payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2008 consists of \$802,104.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the other expenditures function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u>8,891,279</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	General	\$ <u>3,463</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4. Interfund Receivables and Payables

At June 30, 2008, the interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise - School Nutrition	\$ <u>6,949</u>

The interfund balances are due to timing differences involved in the reimbursement of payroll at year end to the General Fund. These balances have been eliminated on the face of the District-wide Statement of Net Assets.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 5. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2007-08A	6/27/2007	6/27/2008	\$ -	\$ 5,002	\$ -	\$ -	-
2008-09A	6/26/2008	6/25/2009	485,928	184	482,000	185	8,266
Total			\$ 485,928	\$ 5,186	\$ 482,000	\$ 185	\$ 8,266

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2008.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.50%	5.455%
2008-09A	3.50%	3.469%



PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 79,750	\$ -	\$ -	\$ 79,750
Construction in progress	-	1,351,915	-	1,351,915
Total capital assets not being depreciated	79,750	1,351,915	-	1,431,665
Capital assets being depreciated:				
Buildings	7,132,061	-	-	7,132,061
Improvements other than buildings	606,132	-	-	606,132
Furniture and equipment	973,889	412,563	226,470	1,159,982
Total capital assets being depreciated	8,712,082	412,563	226,470	8,898,175
Less accumulated depreciation for:				
Buildings	1,784,112	146,085	-	1,930,197
Improvements other than buildings	275,685	29,834	-	305,519
Furniture and equipment	689,619	93,054	226,470	556,203
Total accumulated depreciation	2,749,416	268,973	226,470	2,791,919
Total capital assets being depreciated, net	5,962,666	143,590	-	6,106,256
Governmental activities capital assets, net	\$ 6,042,416	\$ 1,495,505	\$ -	\$ 7,537,921

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 6. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 153,358	\$ -	\$ -	\$ 153,358
Less accumulated depreciation	101,943	9,539	-	111,482
Business-type activities capital assets, net	<u>\$ 51,415</u>	<u>\$ (9,539)</u>	<u>\$ -</u>	<u>\$ 41,876</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 26,559
Support services:	
Operation and maintenance of plant services	6,617
Transportation	64,960
	<u>98,136</u>
Unallocated depreciation	<u>170,837</u>
Total governmental activities depreciation expense	<u>\$ 268,973</u>
Business-type activities:	
Food service operations	<u>\$ 9,539</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Early Retirement	General Obligation Bonds	Special Assessment	Compensated Absences	Total
Balance beginning of year	\$ 120,144	\$ 3,540,000	\$ 30,444	\$ 39,367	\$ 3,729,955
Additions	15,254	9,980,000	-	12,693	10,007,947
Reductions	77,888	370,000	7,612	2,729	458,229
Balance end of year	<u>\$ 57,510</u>	<u>\$ 13,150,000</u>	<u>\$ 22,832</u>	<u>\$ 49,331</u>	<u>\$ 13,279,673</u>
Due within one year	<u>\$ 49,883</u>	<u>\$ 450,000</u>	<u>\$ 7,612</u>	<u>\$ -</u>	<u>\$ 507,495</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to 40% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement benefits will be paid in two equal annual payments in October following the start of retirement.

At June 30, 2008, the District has obligations to six participants with a total liability of \$57,510. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$77,888. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 7. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue dated August 1, 2003			Issue dated December 1, 2007		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 380,000	\$ 102,995	\$ 482,995	\$ 70,000	\$ 35,488	\$ 105,488
2010	390,000	93,020	483,020	75,000	22,146	97,146
2011	400,000	81,710	481,710	75,000	19,032	94,032
2012	410,000	69,310	479,310	80,000	16,032	96,032
2013	430,000	55,985	485,985	85,000	13,192	98,192
2014	440,000	41,580	481,580	85,000	10,132	95,132
2015	460,000	26,180	486,180	90,000	7,030	97,030
2016	260,000	9,620	269,620	100,000	3,700	103,700
	<u>\$ 3,170,000</u>	<u>\$ 480,400</u>	<u>\$ 3,650,400</u>	<u>\$ 660,000</u>	<u>\$ 126,752</u>	<u>\$ 786,752</u>

  

Year Ending June 30,	Issue dated June 1, 2008			Total		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ -	\$ 392,299	\$ 392,299	\$ 450,000	\$ 530,782	\$ 980,782
2010	-	427,963	427,963	465,000	543,129	1,008,129
2011	-	427,963	427,963	475,000	528,705	1,003,705
2012	-	427,963	427,963	490,000	513,305	1,003,305
2013	-	427,963	427,963	515,000	497,140	1,012,140
2014	-	427,963	427,963	525,000	479,675	1,004,675
2015	-	427,963	427,963	550,000	461,173	1,011,173
2016	205,000	427,963	632,963	565,000	441,283	1,006,283
2017	595,000	417,712	1,012,712	595,000	417,712	1,012,712
2018	620,000	387,962	1,007,962	620,000	387,962	1,007,962
2019	650,000	356,962	1,006,962	650,000	356,962	1,006,962
2020	675,000	324,462	999,462	675,000	324,462	999,462
2021	705,000	290,712	995,712	705,000	290,712	995,712
2022	735,000	255,462	990,462	735,000	255,462	990,462
2023	770,000	218,712	988,712	770,000	218,712	988,712
2024	800,000	185,988	985,988	800,000	185,988	985,988
2025	835,000	151,987	986,987	835,000	151,987	986,987
2026	870,000	116,500	986,500	870,000	116,500	986,500
2027	910,000	79,525	989,525	910,000	79,525	989,525
2028	950,000	40,850	990,850	950,000	40,850	990,850
	<u>\$ 9,320,000</u>	<u>\$ 6,214,874</u>	<u>\$ 15,534,874</u>	<u>\$ 13,150,000</u>	<u>\$ 6,822,026</u>	<u>\$ 19,972,026</u>

# PANORAMA COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 7. Long-Term Liabilities (continued)

Special Assessment

The District was assessed \$86,000 for street construction in the year ended June 30, 2000. The assessment is payable in annual installments plus interest of 5.0% per year on the unpaid balance. Details of the District's June 30, 2008 indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 7,612	\$ 1,142	\$ 8,754
2010	7,612	762	8,374
2011	7,608	379	7,987
	<u>\$ 22,832</u>	<u>\$ 2,283</u>	<u>\$ 25,115</u>

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$243,667, \$214,713, and \$208,035, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Panorama Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$245,109 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 11. Construction Commitments

The District has entered into a contract totaling \$1,764,000 for architect design work for the elementary, middle school, and high school additions. As of June 30, 2008, costs of \$999,080 had been incurred against the contract. The balance of \$764,920 remaining at June 30, 2008 will be paid as work on the project progresses.

Note 12. Subsequent Event

In November 2008, the District entered into a contract totaling \$439,945 for preconstruction site work.

## Required Supplementary Information

PANORAMA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds  
and Proprietary Fund  
Required Supplementary Information  
Year Ended June 30, 2008

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 4,779,167	\$ 161,150	\$ 4,940,317	\$ 4,813,025	\$ 127,292
State sources	3,282,311	4,321	3,286,632	3,282,428	4,204
Federal sources	203,754	134,271	338,025	242,000	96,025
Total revenues	8,265,232	299,742	8,564,974	8,337,453	227,521
EXPENDITURES/EXPENSES:					
Instruction	4,737,021	-	4,737,021	4,825,320	88,299
Support services	2,494,145	-	2,494,145	2,510,493	16,348
Non-instructional programs	38,960	301,494	340,454	364,109	23,655
Other expenditures	2,258,469	-	2,258,469	1,021,865	(1,236,604)
Total expenditures/expenses	9,528,595	301,494	9,830,089	8,721,787	(1,108,302)
Excess (deficiency) of revenues over (under) expenditures/ expenses	(1,263,363)	(1,752)	(1,265,115)	(384,334)	(880,781)
Other financing sources, net	10,308,531	-	10,308,531	2,500	10,306,031
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	9,045,168	(1,752)	9,043,416	(381,834)	9,425,250
Balance beginning of year	1,392,817	61,377	1,454,194	431,598	1,022,596
Balance end of year	\$ 10,437,985	\$ 59,625	\$ 10,497,610	\$ 49,764	\$ 10,447,846

See accompanying independent auditor's report.



PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the other expenditures function exceeded the amount budgeted.

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## Other Supplementary Information

## PANORAMA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ 169,504	\$ 27,283	\$ 232,228	\$ 429,015
Receivables:				
Property tax:				
Current year	2,526	-	3,660	6,186
Succeeding year	135,000	-	287,000	422,000
Total assets	<u>\$ 307,030</u>	<u>\$ 27,283</u>	<u>\$ 522,888</u>	<u>\$ 857,201</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 320	\$ -	\$ 49,161	\$ 49,481
Deferred revenue:				
Succeeding year property tax	135,000	-	287,000	422,000
Total liabilities	<u>135,320</u>	<u>-</u>	<u>336,161</u>	<u>471,481</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>171,710</u>	<u>27,283</u>	<u>186,727</u>	<u>385,720</u>
Total liabilities and fund equity	<u>\$ 307,030</u>	<u>\$ 27,283</u>	<u>\$ 522,888</u>	<u>\$ 857,201</u>

See accompanying independent auditor's report.

## PANORAMA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 180,022	\$ -	\$ 290,817	\$ 470,839
Other	-	193,983	13,981	207,964
State sources	120	-	187	307
Total revenues	<u>180,142</u>	<u>193,983</u>	<u>304,985</u>	<u>679,110</u>
Expenditures:				
Current:				
Instruction	67,969	219,699	53,977	341,645
Support services:				
Instructional staff services	-	-	48,080	48,080
Operation and maintenance of plant services	92,578	-	5,430	98,008
Transportation services	7,106	-	163,128	170,234
Other expenditures:				
Facilities acquisition	-	-	33,643	33,643
Total expenditures	<u>167,653</u>	<u>219,699</u>	<u>304,258</u>	<u>691,610</u>
Excess (deficiency) of revenues over (under) expenditures	12,489	(25,716)	727	(12,500)
Fund balances beginning of year	<u>159,221</u>	<u>52,999</u>	<u>186,000</u>	<u>398,220</u>
Fund balances end of year	<u>\$ 171,710</u>	<u>\$ 27,283</u>	<u>\$ 186,727</u>	<u>\$ 385,720</u>

See accompanying independent auditor's report.

## PANORAMA COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

Year Ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 19,594	\$ 108,585	\$ 135,629	\$ (7,450)
General Resale	(233)	258	60	(35)
Drama	58	1,096	458	696
Speech	(985)	25	419	(1,379)
Spanish Club	882	-	-	882
TAG	98	-	-	98
Student Council	235	1,723	1,697	261
MS Student Council	67	-	-	67
FCCLA	272	2,521	2,129	664
FFA	2,291	19,178	16,623	4,846
Panther Greenhouse	638	314	1,592	(640)
Panther Productions	-	840	115	725
Physics Club	10	-	-	10
MS Science Club	-	225	-	225
FCA	82	-	-	82
Art Club	1,335	50	-	1,385
Technology Student Association	583	1,591	1,268	906
Panthers for Prevention	1,343	-	479	864
Interest & Savings	2,764	853	-	3,617
Annual	(11,653)	10,130	10,361	(11,884)
Drill Team	(113)	6,035	7,658	(1,736)
Cheerleaders	2,152	5,313	6,025	1,440
Wrestling Cheerleaders	1,052	273	487	838
Flags	(114)	-	-	(114)
Class of 2007	945	-	277	668
Class of 2008	5,373	12,249	16,288	1,334
Class of 2009	4,568	15,762	13,384	6,946
Class of 2010	2,966	-	545	2,421
Class of 2011	5,263	-	-	5,263
Class of 2012	3,107	243	-	3,350
Class of 2013	892	243	-	1,135
Class of 2014	-	243	-	243
Elementary	9,527	6,233	4,205	11,555
	<u>\$ 52,999</u>	<u>\$ 193,983</u>	<u>\$ 219,699</u>	<u>\$ 27,283</u>

See accompanying independent auditor's report.

PANORAMA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2008	2007	2006	2005
Revenues:				
Local sources:				
Local tax	\$ 4,104,444	\$ 3,925,911	\$ 3,227,265	\$ 2,819,659
Tuition	247,834	192,374	207,560	138,240
Other	426,889	441,007	336,040	329,364
State sources	3,282,311	3,174,607	3,040,431	2,718,012
Federal sources	203,754	632,518	227,920	237,361
Total revenues	<u>\$ 8,265,232</u>	<u>\$ 8,366,417</u>	<u>\$ 7,039,216</u>	<u>\$ 6,242,636</u>
Expenditures:				
Instruction	\$ 4,737,021	\$ 4,612,110	\$ 4,272,017	\$ 3,826,098
Support services:				
Student services	155,203	143,624	149,757	132,387
Instructional staff services	251,045	194,186	175,573	160,567
Administration services	691,361	649,260	566,893	494,065
Operation and maintenance of plant services	588,541	559,253	515,332	424,253
Transportation services	807,995	448,724	506,324	381,046
Non-instructional programs	38,960	17,891	15,771	14,686
Other expenditures:				
Facilities acquisition	1,531,655	260,849	100,534	95,157
Long-term debt:				
Principal	370,000	365,000	270,000	255,000
Interest and fiscal charges	111,705	119,005	328,156	344,742
AEA flowthrough	245,109	240,115	224,732	203,470
Total expenditures	<u>\$ 9,528,595</u>	<u>\$ 7,610,017</u>	<u>\$ 7,125,089</u>	<u>\$ 6,331,471</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Panorama Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Panorama Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Panorama Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panorama Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Panorama Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Panorama Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Panorama Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Panorama Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-08, I-B-08, I-C-08, and I-D-08 are material weaknesses.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panorama Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Panorama Community School District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Panorama Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Panorama Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Panorama Community School District and other parties to whom Panorama Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Panorama Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
February 27, 2009

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

I-A-08 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the bank deposits, bank reconciliation, and the posting of the cash receipts journal are all done by the same person in the various funds. We also noted that the duties of preparing, signing, recording, and distributing payroll checks are all performed by the same individual.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate available alternatives and implement changes wherever possible. We have implemented some additional review procedures for receipts, collections and deposits.

Conclusion – Response accepted.

I-B-08 Financial Reporting – During the audit, we identified material amounts of receivables, payables, receipts and disbursements not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables, payables, receipts and disbursements are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables, receipts or disbursements.

Conclusion – Response accepted.

I-C-08 Bank Reconciliations – We noted that bank reconciliations are prepared for each bank account but are not performed timely and are not reconciled to the general ledger. This leads to posting errors remaining undetected and many unrecorded transactions. We noted \$69,413 of unrecorded receipts in various funds, \$153,760 of unrecorded disbursements in the Capital Projects and Special Revenue, Physical Plant and Equipment Levy Funds, and an unreconciled difference of \$17,698 in the General Fund. Adjusting journal entries have been made to the general ledger to record and correct these items.

Recommendation – All bank accounts should be reconciled and tied to the general ledger each month. This allows the District to timely detect and correct errors or omissions.

Response – Bank reconciliations for all accounts will be tied to the general ledger in the future. Any differences will be investigated and corrected timely.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

- I-D-08      Recording of Bond Proceeds – We noted that the District did not record the receipt of the bond proceeds when issued but only when money was withdrawn from the District’s Iowa Schools Joint Investment Trust (ISJIT) account to the checking account. The ISJIT account was not included in the bank reconciliations so this omission was not caught by the District. Adjustments have been made to the general ledger to properly record the bond proceeds.

Recommendation – All receipts, including bond proceeds, should be recorded when received by the District. The ISJIT account should be included in the bank reconciliations to properly account for all District money.

Response – We will properly record any future bond proceeds. We will also include the ISJIT account in our bank reconciliations in the future.

Conclusion – Response accepted.

- I-E-08      Disbursement Approval – Out of forty-one disbursements tested, the Board had not approved eleven disbursements. The Board does have a written policy regarding payment prior to approval for certain types of expenditures. However, these particular payments were not later formally approved by the Board as the policy requires.

Recommendation – The procedures described in the above comment weaken the control that the Board has over disbursements. All disbursements should be approved by the Board.

Chapter 279.29 of the Code of Iowa provides that “the Board shall audit and allow all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed.” In accordance with an Attorney General’s opinion dated July 12, 1979, “no claim can be paid until the Board has taken final action on the claim. Logically, no final action can be taken on the claim until all of the specifics of the claim have been examined and verified.”

Chapter 279.30 of the Code of Iowa allows payment of specific items, such as utilities, postage and printing, without prior Board approval. In addition, the Board Secretary, upon documentation of approval by the Board President, may issue warrants for other verified bills prior to Board approval when the Board is not in session. All such bills must then be approved by the Board at the next meeting.

Response – We will review and implement this recommendation.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-F-08 Disbursements – Out of forty-one disbursements tested, four were not fully supported by an invoice or receipt prior to the check being released for payment.

Recommendation – All disbursements should be adequately supported by an invoice, receipt or other written documentation prior to the check being released for payment.

Response – We will make sure that all future disbursements are properly supported prior to the check being released for payment.

Conclusion – Response accepted.

I-G-08 Deposits to Bank Account – We noted five receipts that were not deposited to the bank on a timely basis. Some receipts were held undeposited for up to eleven weeks.

Recommendation – All receipts should be deposited as soon as possible to safeguard the asset and avoid any possible irregularities and to earn the interest revenue on the public funds. Deposits should be made weekly at a minimum.

Response – We will try to ensure that all receipts are deposited on a timely basis.

Conclusion – Response accepted.

I-H-08 Athletic Gate Admissions – The athletic gate admissions and change box are not reconciled with prenumbered tickets.

Recommendation – The District should establish reconciliation procedures for athletic gate admissions. The reconciliation should include the issuance of prenumbered tickets and the reconciling of the change box and admissions to the number of tickets issued.

Response – We will review our present procedures and consider the recommended reconciliation procedures.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

- I-I-08 Fundraisers – Supporting documentation for fundraiser income is being kept by individual activity club sponsors. There are no set procedures in place to review this information for completeness and accuracy other than review by the activity sponsor, who is also responsible for the initial collection of fundraising income.

Recommendation – The District should develop some type of summary form and procedures which would include reviewing supporting documentation for fundraisers in order to account for the completeness and accuracy of revenues recorded. For example, you could have the activity sponsor summarize expected and actual results on a spreadsheet which can be compared to actual fundraising receipts recorded once the fundraiser is completed. Any revenues short or long can then be explained on the form. This form should be reviewed and initialed by either the Activity Director, Principal, or Secretary as applicable. Whoever is reviewing these fundraiser summary forms should also verify in detail the information on a couple of forms each year. This can be done by tracing the information on the form to the supporting documentation kept by the activity sponsor (i.e. sales sheets, order forms, etc.). We realize verifying every fundraiser would be time consuming so not every fundraiser needs to be verified in detail. Checking a few each year will let the activity sponsors realize that someone may be reviewing their records.

Response – We will review our procedures regarding fundraising activities and consider the recommended procedures.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting:

- II-A-08 Certified Budget – Expenditures for the year ended June 30, 2008, exceeded the amount budgeted in the other expenditures function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget.

Conclusion – Response accepted.

- II-B-08 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

- II-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-08 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Joel Hester, Bus Driver	Used Chevy Suburban	\$6,500

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest.

- II-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-08 Board Minutes – Except as previously noted in comment I-E-08, no transactions requiring Board approval which had not been approved by the Board were noted. However, none of the minutes for the year were signed.

Recommendation – All Board minutes should be signed by the Board Secretary and the Board President upon approval by the Board.

Response – We will make sure that all Board minutes are signed upon approval in the future.

Conclusion – Response accepted.

- II-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

- II-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting (continued):

II-I-08      Certified Annual Report – We noted no material differences on the Certified Annual Report. However, the reported was not certified to the Iowa Department of Education on a timely basis.

Recommendation – In the future, the District should certify the Certified Annual Report in a timely manner.

Response – We will try to certify our Certified Annual Report in a timely manner in the future.

Conclusion – Response accepted.

II-J-08      Financial Condition – We noted that the Special Revenue, Student Activity Fund had some deficit balances within the group of single activity accounts.

Recommendation – The District needs to monitor the activity accounts more closely and investigate alternatives to eliminate the deficit balances.

Response – The Board is aware of the condition and is working to eliminate deficit accounts.

Conclusion – Response accepted.

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